

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

In re:

US Loan Modification Services, LLC
Jeff Strum and Gail Strum,

Respondents.

FINAL ORDER

The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division"), having issued US Loan Modification Services, LLC, Jeff Strum and Gail Strum ("Respondents") a Notice of Intent to Revoke Covered Service Provider License and Notice of Intent to Revoke Associated Licensee Licenses and Notice of Right to Request Hearing on January 24, 2011, attached hereto as Exhibit "1" and incorporated herein by reference, which notified Respondents that a final order would issue in this matter unless Respondents requested a hearing to contest the charges against it, within twenty (20) days of issuance of said Order, and;

Said Order having been served to Respondents via certified mail and regular mail on January 27, 2011 and received by Respondents on January 28, 2011, and;

Respondents having failed to request a hearing in this matter, and good cause appearing:

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1 **IT IS HEREBY ORDERED** that, pursuant to NRS 622.080, NRS Chapter 645F and the
2 Regulation, that Respondent U.S. Loan's independent licensee covered service provider license
3 is **REVOKED**.

4 **IT IS FURTHER ORDERED** that Respondent JS's and GS's associated licensee
5 licenses are **REVOKED**. In addition, Respondents will be subject to the administrative fines,
6 fees and/or costs as set forth in the original Order attached hereto as Exhibit "1".
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8 **IT IS FURTHER ORDERED** that the sum of said administrative fines, fees and/or costs
9 be paid in full within **thirty (30) days** of entry of this Order;

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11 Dated this 22nd day of February, 2011.

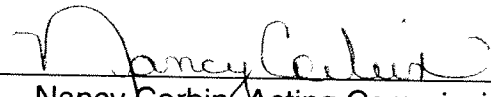
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14 By: 
15 Nancy Corbin, Acting Commissioner
16 State of Nevada
17 Department of Business and Industry
18 Division of Mortgage Lending
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EXHIBIT “1”

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING

In re:

US Loan Modification Services, LLC
Jeff Strum and Gail Strum

Respondents.

**NOTICE OF INTENT TO REVOKE COVERED SERVICE PROVIDER LICENSE AND
NOTICE OF INTENT TO REVOKE ASSOCIATED LICENSEE LICENSES
AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Based upon information and belief, and at all relevant times herein mentioned, U.S. Loan Modification Services ("U.S. Loan") was and is a Nevada limited liability company with an office located at 2461 Professional Court #110, Las Vegas, Nevada. Currently, U. S. Loan's status with the Nevada Secretary of State is "active."

1 2. On approximately January 27 2010, the Division issued U.S. Loan an
2 independent licensee covered service provider license (License No. 3351). The Division
3 currently classifies U.S. Loan's license as "closed."

4 3. Based upon information and belief, and at all relevant times herein mentioned,
5 Jeff Strum ("JS"), an individual, and Gail Strum ("GS"), an individual, were the owners,
6 officers, employees and managers of U.S. Loan.

7 4. On approximately January 27, 2010, the Division issued JS an associated
8 licensee license (License No. 46769) as an employee of U.S. Loan. The Division currently
9 classifies JS's license as "inactive."
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11 5. On approximately January 12, 2010, the Division issued GS an associated
12 licensee license (License No. 46768) as an employee of U.S. Loan. The Division currently
13 classifies GS's license as "inactive."

14 6. U.S. Loan, JS and GS are hereinafter referred to as Respondent or
15 Respondents as the context requires.

16 7. Pursuant to the Regulation, "[i]n addition to the other duties imposed upon the
17 Commissioner by law for the general supervision of licensees, the Commissioner
18 will...[c]onduct an examination of each independent licensee doing business in this State
19 within 3 months after the independent licensee commences business in this State and at least
20 annually thereafter..." See the Regulation, Section 63.
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22 8. Pursuant to Section 63 of the Regulation, the Division commenced a regularly
23 scheduled annual examination of Respondent U.S. Loan on April 5, 2010 which revealed,
24 among other things, that Respondents:
25

26 a. Failed to place moneys collected from homeowners for the provision of
27 covered services into a separate trust account at a federally insured depository institution
28 located in this state and designated as "trust funds," "escrow accounts," or some other

1 appropriate name indicating the funds did not belong to Respondent, and commingled
2 homeowners' money with its own;

3 b. Failed to keep and maintain complete and suitable records of all covered
4 services transactions that were conducted, including, but not limited to, records related to the
5 trust account(s) which clearly identify: the name, address and telephone number of each
6 homeowner; the account number of each loan; the address and contact information of each
7 lender or loan servicer related to each loan; the amount and date of each deposit; and the
8 amount and date of each withdrawal with the name of each recipient;

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10 c. Failed to reconcile their bank accounts and/or failed to have monthly
11 reconciled balances on deposits equal to all moneys collected and deposited and not yet
12 legitimately disbursed;

13 d. Withdrew moneys collected from homeowners from their bank account
14 without being able to explain what the money was used for; and

15 e. Utilized or converted trust moneys for their own personal business
16 purposes.

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18 9. Pursuant to NRS 645F.394, "[a]ll money paid to a person who performs any
19 covered service for compensation, a foreclosure consultant or a loan modification consultant
20 by a person in full or partial payment of covered services to be performed: (a) [m]ust be
21 deposited in a separate checking account located in a federally insured depository financial
22 institution or credit union in this State which must be designated a trust account; (b) [m]ust be
23 kept separate from money belonging to the person who performs any covered service for
24 compensation, the foreclosure consultant or the loan modification consultant; and (c) [m]ust
25 not be withdrawn by the person who performs any covered service for compensation,
26 foreclosure consultant or loan modification consultant until the completion of every covered
27 service as agreed upon in the contract for covered services." See NRS 645F.394(1).
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1 10. Pursuant to Section 73 of the Regulation, "a 'separate trust account' means a
2 trust account maintained with a federally insured depository institution located in this State
3 that is separate from accounts belonging to the independent licensee. The trust account:
4 [m]ust at all times have a reconciled balance on deposit equal to all money collected and
5 deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the
6 independent licensee..."

7 11. Pursuant to NRS 645F.394, "[t]he person who performs any covered service for
8 compensation, the foreclosure consultant or the loan modification consultant shall keep
9 records of all money deposited in a trust account pursuant to subsection 1. The records must
10 clearly indicate the date and from whom he or she received money, the date deposited, the
11 dates of withdrawals, and other pertinent information concerning the transaction, and must
12 show clearly for whose account the money is deposited and to whom the money belongs.
13 The person who performs any covered service for compensation, the foreclosure consultant
14 or the loan modification consultant shall balance each separate trust account at least monthly
15 and provide to the Commissioner, on a form provided by the Commissioner, an annual
16 accounting which shows an annual reconciliation of each separate trust account. All such
17 records and money are subject to inspection and audit by the Commissioner and authorized
18 representatives of the Commissioner." See NRS 645F.394(2).
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21 12. Pursuant to Section 80 of the Regulation, "1. As a condition to doing business in
22 this State, each independent licensee shall deposit with the Commissioner and keep in full
23 force and effect a surety bond payable to the State of Nevada, in the amount set forth in
24 subsection 4, which is executed by a corporate surety satisfactory to the Commissioner and
25 which names as principals the independent licensee and all associated licensees employed
26 by or otherwise associated with the independent licensee."
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1 13. Pursuant to Section 74 of the Regulation "1. Except as otherwise provided in
2 this section, not later than 120 days after the last day of each fiscal year for an independent
3 licensee, the independent licensee shall submit to the Commissioner a financial statement
4 that: a. [i]s dated not earlier than the last day of the fiscal year; and b. [h]as been prepared
5 from the books and records of the independent licensee by an independent certified public
6 accountant who holds a permit to engage in the practice of certified public accounting in this
7 State or another state."

8 14. Pursuant to Section 103 of the Regulation, "[f]or each violation committed by a
9 person who engages in an activity for which licensure as a covered service provider,
10 foreclosure consultant or loan modification consultant is required under this chapter and
11 chapter 645F of NRS, without regard to whether the person is licensed under this chapter and
12 chapter 645F of NRS, the Commissioner may impose upon the person an administrative fine
13 of not more than \$10,000, and if the person holds a license as a covered service provider,
14 foreclosure consultant or loan modification consultant, the Commissioner may suspend,
15 revoke or place conditions upon the person's license, or may do both, if the person... [d]oes
16 not conduct business in accordance with law or has violated any provision of this chapter or
17 chapter 645F of NRS or any order of the Commissioner;...[i]s in such financial condition that
18 the person cannot continue in business with safety to his customers;...[or] [h]as commingled
19 the money or other property of a client with his own or has converted the money or property of
20 others to his own use..." See Section 103(3)(a), (c), (d), and (n) of the Regulation.

21 15. Pursuant to Section 108 of the Regulation, "[i]f a person engages in an activity
22 in violation of the provisions of this chapter or chapter 645F of NRS or an order of the
23 Commissioner, the Commissioner may issue an order directing the person to cease and
24 desist from engaging in the activity." See Section 108(1) of the Regulation.

25 16. Based upon Respondents' violations of chapter 645F and the Regulation, the
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1 Division issued an ORDER TO CEASE AND DESIST, ORDER IMPOSING LICENSURE
2 CONDITIONS, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO
3 REQUEST HEARING ("Order to Cease and Desist") on June 9, 2010, a copy attached hereto
4 as Exhibit "A" and incorporated by this reference as though fully set forth herein, and such
5 Order to Cease and Desist being served on Respondents on June 11, 2010.

6 17. Respondents requested a hearing on the Order to Cease and Desist within the
7 time permitted by law.

8 18. On October 7, 2010 a hearing on the Order to Cease and Desist was held
9 before Department of Administration Hearing Officer Nancy Richins, Esq. and a Decision and
10 Order confirming the Division's Order to Cease and Desist was entered on October 19, 2010.
11 A copy of the Decision and Order is attached hereto as Exhibit "B" and incorporated by this
12 reference as though fully set forth therein.

13 19. The Division issued a Final Order against Respondents based on the Decision
14 and Order on October 25, 2010.

15 **VIOLATIONS OF LAW**

16 1. Respondents, and each of them, have failed to fully comply with the provisions
17 of the Order to Cease and Desist, Decision and Order, and Final Order in that such
18 Respondents have:
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20 a. Failed to retain the services of a certified public accountant to reconcile all
21 books and records of Respondents;
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23 b. Failed to deposit sufficient moneys into a trust account to rectify any shortfalls
24 discovered as a result of the required reconciliation; and
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26 c. Failed to pay an administrative fine of \$50,000.00, and the Division's costs of
27 examination and investigation in the amount of \$4,920.00, as awarded to the Division in the
28 Decision and Order of October 19, 2010 and within 30 days of entry of the Final Order.

2. Respondents have failed to file an annual accounting and financial statement as required by NRS 645F.394(2) and Section 74 of the Regulation.

3. Respondents have failed to keep in full force and effect a surety bond as required by Section 80 of the Regulation.

ORDER

NOW, THEREFORE, pursuant to Section 103(3) of the Regulation, the Commissioner of the Division hereby orders that Respondent U.S. Loan's independent licensee covered service provider license be revoked.

IT IS FURTHER ORDERED that Respondent JS's and GS's associated licensee licenses be revoked.

IT IS FURTHER ORDERED that, pursuant to Section 113 of the Regulation, upon application to the Division, Respondents, and each of them, shall be entitled to a hearing with regard to the contents of the instant Order. Should any Respondent not request a hearing within **twenty (20) days** of the receipt of the instant Order, the Division will enter a Final Order as to such Respondent, as required by Section 113 of the Regulation.

NOTICE TO RESPONDENTS: If you request a hearing, you are specifically informed that you have the right to appear and be heard in your defense, either personally or through your counsel of choice at your own expense. At the hearing, if one is timely requested, the Division will call witnesses and present evidence against you. You have the right to respond and to present relevant evidence and argument on all issues involved. You have the right to call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any matter relevant to the issues involved.

1 All notices to the Division must be sent by U.S. Postal Service, or private carrier or
2 delivery service to:

3 Commissioner
4 Division of Mortgage Lending
5 7220 Bermuda Road, Suite A
6 Las Vegas, NV 89119

7 If the Division prevails at any hearing, it may request that attorney's fees and costs be
8 awarded pursuant to NRS 622.400.

9 Dated this 24th day of January, 2011.

10 State of Nevada
11 Department of Business and Industry
12 Division of Mortgage Lending

13 By: Joseph L. Waltuch
14 Joseph L. Waltuch, Commissioner
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Exhibit "A"

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**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING**

In re:

U.S. Loan Modification Services, LLC,
Jeff Strum, Gail Strum

Respondents.

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**ORDER TO CEASE AND DESIST,
ORDER IMPOSING LICENSURE CONDITIONS,
NOTICE OF INTENT TO IMPOSE FINE
AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

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FACTUAL ALLEGATIONS

1. Based upon information and belief, and at all relevant times herein mentioned, U.S. Loan Modification Services ("U.S. Loan") was and is a Nevada limited liability company with an office located at 2461 Professional Court #110, Las Vegas, Nevada. Currently, U. S. Loan's status with the Nevada Secretary of State is "active."

2. On approximately January 27 2010, the Division issued U.S. Loan an independent licensee covered service provider license (License No. 0054). The Division

1 currently classifies U.S. Loan's license as "closed."

2 3. Based upon information and belief, and at all relevant times herein mentioned,
3 Jeff Strum ("JS"), an individual, and Gail Strum ("GS"), an individual, were the owners, officers
4 and managers of U.S. Loan.

5 4. On approximately January 27, 2010, the Division issued JS an associated
6 licensee license (License No. 46769) as an employee of U.S. Loan. The Division currently
7 classifies JS's license as "inactive."

8 5. On approximately January 12, 2010, the Division issued GS an associated
9 licensee license (License No. 46768) as an employee of U.S. Loan. The Division currently
10 classifies GS's license as "inactive."

11 6. U.S. Loan, JS and GS are hereinafter referred to individually as Respondent or
12 collectively as Respondents, as the context requires.

13 7. Pursuant to the Regulation, "[i]n addition to the other duties imposed upon the
14 Commissioner by law for the general supervision of licensees, the Commissioner
15 will...[c]onduct an examination of each independent licensee doing business in this State
16 within 3 months after the independent licensee commences business in this State and at least
17 annually thereafter..." See the Regulation, Section 63.

18 8. Pursuant to Section 63 of the Regulation, the Division commenced a regularly
19 scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among other
20 things, that U.S. Loan:

21 a. Failed to place moneys collected from homeowners for the provision of
22 covered services into a separate trust account at a federally insured depository institution
23 located in this state and designated as "trust funds," "escrow accounts," or some other
24 appropriate name indicating the funds did not belong to U.S. Loan, and commingled
25 homeowners' money with its own;
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1 b. Failed to keep and maintain complete and suitable records of all covered
2 services transactions it conducted, including, but not limited to, records related to the trust
3 account(s) which clearly identify: the name, address and telephone number of each
4 homeowner; the account number of each loan; the address and contact information of each
5 lender or loan servicer related to each loan; the amount and date of each deposit; and the
6 amount and date of each withdrawal with the name of each recipient;

7 c. Failed to reconcile its bank accounts and/or failed to have monthly
8 reconciled balances on deposits equal to all moneys collected and deposited and not yet
9 legitimately disbursed;

10 d. Withdrew moneys collected from homeowners from its bank account
11 without being able to explain what the money was used for; and

12 e. Utilized or converted trust moneys for its own personal business purposes.

13 9. Pursuant to NRS 645F.394, "[a]ll money paid to a person who performs any
14 covered service for compensation, a foreclosure consultant or a loan modification consultant
15 by a person in full or partial payment of covered services to be performed: (a) [m]ust be
16 deposited in a separate checking account located in a federally insured depository financial
17 institution or credit union in this State which must be designated a trust account; (b) [m]ust be
18 kept separate from money belonging to the person who performs any covered service for
19 compensation, the foreclosure consultant or the loan modification consultant; and (c) [m]ust
20 not be withdrawn by the person who performs any covered service for compensation,
21 foreclosure consultant or loan modification consultant until the completion of every covered
22 service as agreed upon in the contract for covered services." See NRS 645F.394(1).

23 10. Pursuant to Section 73 of the Regulation, "a 'separate trust account' means a
24 trust account maintained with a federally insured depository institution located in this State
25 that is separate from accounts belonging to the independent licensee. The trust account:
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1 [m]ust at all times have a reconciled balance on deposit equal to all money collected and
2 deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the
3 independent licensee..."

4 11. Pursuant to NRS 645F.394, "[t]he person who performs any covered service for
5 compensation, the foreclosure consultant or the loan modification consultant shall keep
6 records of all money deposited in a trust account pursuant to subsection 1. The records must
7 clearly indicate the date and from whom he or she received money, the date deposited, the
8 dates of withdrawals, and other pertinent information concerning the transaction, and must
9 show clearly for whose account the money is deposited and to whom the money belongs.
10 The person who performs any covered service for compensation, the foreclosure consultant
11 or the loan modification consultant shall balance each separate trust account at least monthly
12 and provide to the Commissioner, on a form provided by the Commissioner, an annual
13 accounting which shows an annual reconciliation of each separate trust account. All such
14 records and money are subject to inspection and audit by the Commissioner and authorized
15 representatives of the Commissioner." See NRS 645F.394(2).
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18 12. Pursuant to Section 74 of the Regulation "1. Except as otherwise provided in
19 this section, not later than 120 days after the last day of each fiscal year for an independent
20 licensee, the independent licensee shall submit to the Commissioner a financial statement
21 that: a. [i]s dated not earlier than the last day of the fiscal year; and b. [h]as been prepared
22 from the books and records of the independent licensee by an independent certified public
23 accountant who holds a permit to engage in the practice of certified public accounting in this
24 State or another state."

25 13. To date, U.S. Loan has failed to file its financial statement with the
26 Commissioner.
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1 14. Pursuant to Section 103 of the Regulation, "[f]or each violation committed by a
2 person who engages in an activity for which licensure as a covered service provider
3 foreclosure consultant or loan modification consultant is required under this chapter and
4 chapter 645F of NRS, without regard to whether the person is licensed under this chapter and
5 chapter 645F of NRS, the Commissioner may impose upon the person an administrative fine
6 of not more than \$10,000, and if the person holds a license as a covered service provider,
7 foreclosure consultant or loan modification consultant, the Commissioner may suspend,
8 revoke or place conditions upon the person's license, or may do both, if the person... [d]oes
9 not conduct business in accordance with law or has violated any provision of this chapter or
10 chapter 645F of NRS or any order of the Commissioner;...[i]s in such financial condition that
11 the person cannot continue in business with safety to his customers;...[or] [h]as commingled
12 the money or other property of a client with his own or has converted the money or property of
13 others to his own use..." See Section 103(3)(a), (c), (d), and (n) of the Regulation.

15 15. Pursuant to Section 103 of the Regulation, "[a] person who engages in an
16 activity for which licensure as a covered service provider, foreclosure consultant or loan
17 modification consultant is required under this chapter and chapter 645F of NRS, without
18 regard to whether the person is licensed under this chapter and chapter 645F of NRS, may be
19 required by the Commissioner to pay restitution to any person who has suffered an economic
20 loss as a result of a violation of the provisions of this chapter or chapter 645F of NRS...." See
21 Section 103(2) of the Regulation.

23 16. Pursuant to Section 108 of the Regulation, "[i]f a person engages in an activity
24 in violation of the provisions of this chapter or chapter 645F of NRS or an order of the
25 Commissioner, the Commissioner may issue an order directing the person to cease and
26 desist from engaging in the activity." See Section 108(1) of the Regulation.
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VIOLATIONS OF LAW

Respondent U.S. Loan violated NRS 645F.394 and Section 103 of the Regulation i
that such Respondent:

1. Failed to file an annual accounting and a financial statement, in violation of NRS
645F.394(2) and Section 74 of the Regulation;

2. Failed to deposit client moneys in a trust account and/or removed money from a
trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) and
Sections 73 and 103(3)(n) of the Regulation;

3. Does not conduct business in accordance with law, in violation of Section
103(3)(c) of the Regulation;

4. Is in such financial condition that it cannot conduct business with safety to its
customers, in violation of Section 103(3)(d) of the Regulation; and

5. Has commingled clients' money with its own or has converted such money to its
own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n).

ORDER

NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS
that, based on Respondent U.S. Loan's multiple violations of Chapter 645F of NRS and the
Regulation, and pursuant to Chapter 645F of NRS and Section 108(1) of the Regulation,
RESPONDENTS U.S. LOAN, JS AND GS, AND EACH OF THEM, IMMEDIATELY CEASE
AND DESIST from the following activities:

1. Advertising for and/or soliciting covered services, foreclosure consultant and/or
loan modification consultant business in the State of Nevada, whether as an independent
licensee or as an associate licensee, without further written approval of the Division to
conduct such activities; and

1 2. Offering or providing any of the services of a covered service provider
2 foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying
3 on or holding themselves out as engaging in or carrying on the business of a covered service
4 provider, foreclosure consultant and/or loan modification consultant, whether as an
5 independent licensee or as an associate licensee, in the State of Nevada without further
6 written approval from the Division to conduct such activities.

7 **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 108(4) of
8 the Regulation, that upon filing a verified petition with the Division within **twenty (20) days** of
9 receipt of this Order to Cease and Desist, Respondents, and each of them, shall be entitled to
10 a hearing with regard to the contents of this Order to Cease and Desist. Each such
11 Respondent is advised, however, that the provisions of this Order to Cease and Desist are
12 effective immediately upon such Respondent being served therewith, whether or not such
13 Respondent requests a hearing.

14 **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 113(2) of
15 the Regulation that upon written application to the Division within **twenty (20) days** of the
16 date of this Order, Respondents, and each of them, shall be entitled to a hearing with regards
17 to the contents of this Order referenced hereafter. At that hearing the Division will seek:
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19 1. The imposition of an administrative fine against Respondents, jointly and
20 severally, in the amount of Fifty Thousand Dollars and No Cents (\$50,000.00), payable to the
21 Division on account of such Respondents violations of Chapter 645F of NRS and the
22 Regulation, the Division's examination fees in the amount of Four Thousand Seven Hundred
23 and Forty Dollars and No Cents (\$4,740.00), the Division's investigatory and other costs in the
24 amount of One Hundred Eighty Dollars and No Cents (\$180.00), as well as the Division's
25 attorney's fees, if any, incurred herein, all to be proven at the hearing; and
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1 2. Payment, in full, to the Division of both the administrative fine in the amount of
2 Fifty Thousand Dollars and No Cents (\$50,000.00), the Division's examination fees to date in
3 the amount of Four Thousand Seven Hundred and Forty Dollars and No Cents (\$4,740.00)
4 the Division's investigatory and other costs in the amount of One Hundred Eighty Dollars and
5 No Cents (\$180.00), as well as the Division's attorney's fees, if any, by such Respondents
6 who shall be jointly and severally liable, within **thirty (30) days** of entry of the Final Order.

7 **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 103(2) of
8 the Regulation, that Respondents immediately (a) cancel all contracts, if any, with Nevada
9 homeowners and refund to such homeowners all moneys collected by such Respondents
10 from such homeowners for which completed services have not been rendered, or (b) obtain
11 the written consent of the homeowners to transfer their files, moneys and contracts to a
12 licensed, bonded independent licensee, HUD-approved counseling service or other entity
13 exempt from Chapter 645F of NRS.

14 **IT IS FURTHER ORDERED**, that Respondents shall:

15 1. Immediately notify in writing all homeowners involved in an open or pending
16 covered service transaction of this Order;

17 2. Submit to the Commissioner, within three (3) business days from the date of the
18 service of this Order, a list of all open or pending covered service transactions, along with proof
19 of mailing of the written notice required in section 1, above;

20 3. Retain, within five (5) business days after service of this Order and at their own
21 expense and choosing, a Nevada licensed or registered certified public accountant to reconcile
22 all books and records of the licensed entity's operating accounts and trust accounts maintained
23 for customer funds, including reconciliation to bank statements, and all transfers between
24 operation and trust accounts, from inception of Respondent U.S. Loan to May 25, 2010, and
25 submit the reconciliation to the Commissioner within thirty (30) days from the date of the service
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1 of this Order. Such reconciliation shall specifically include a complete accounting of all money;
2 that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have been held in
3 trust for each homeowner for whom Respondent U.S. Loan has not fully completed covered
4 services for which it contracted. Further, such certified public accountant shall be unrelated to
5 Respondents or their family members, and Respondents shall provide the name, address, and
6 telephone number of such certified public accountant to the Division immediately upon his or
7 her retention;

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9 4. Upon submission to the Commissioner of the reconciliation provided for in
10 Number 3, above, Respondents shall deposit sufficient money into a trust account(s) to rectify
11 any shortfall that is discovered as a result of such reconciliation, and shall provide proof of such
12 deposit in writing to the Commissioner; and

13 **NOTICE TO RESPONDENTS:** If you request a hearing, you are specifically informed
14 that you have the right to appear and be heard in your defense, either personally or through
15 your counsel of choice at your own expense. At the hearing, if one is timely requested, the
16 Division will call witnesses and present evidence against you. You have the right to respond
17 and to present relevant evidence and argument on all issues involved. You have the right to
18 call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any
19 matter relevant to the issues involved.
20

21 All notices to the Division must be sent by U.S. Postal Service or private carrier or
22 delivery service to:

23 Commissioner
24 Division of Mortgage Lending
25 7220 Bermuda Road, Suite A
Las Vegas, NV 89119

26 **IT IS FURTHER ORDERED** that if any Respondent fails to abide by any of the above
27 referenced conditions now imposed upon his, her or its license under NRS Chapter 645F and
28 the Regulation, such failure shall constitute grounds for summary suspension, revocation or

1 other discipline deemed appropriate in the discretion and within the statutory authority of the
2 Commissioner.

3 Should Respondents, or any of them, not timely request a hearing within **twenty (20)**
4 **days** of the date of this Order; the Division will enter a Final Order in this matter against such
5 Respondents, and each of them, as required by Section 113(2) of the Regulation. The
6 Division's Final Order will require payment by such Respondents, jointly and severally, of the
7 administrative fine, examination fees, investigatory and other costs, the Division's attorney's
8 fees and restitution amounts within **thirty (30) days** of the entry of the Final Order.
9

10 Dated this 9th day of June, 2010.

11 State of Nevada
12 Department of Business and Industry
13 Division of Mortgage Lending

14 By: Joseph L. Waltuch
15 Joseph L. Waltuch, Commissioner
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CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry
Division of Mortgage Lending, and that on , June 11, 2010, I deposited in the U.S. mail, postag
prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy o
the foregoing, ORDER TO CEASE AND DESIST, ORDER IMPOSING LICENSURE
CONDITIONS, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO
REQUEST HEARING for U.S. LOAN MODIFICATION SERVICES, LLC, JEFF STRUM,
GAIL STRUM, addressed as follows:

Jeff Strum and Gail Strum
U.S. Loan Modification Services, LLC
2461 Professional Court #110
Las Vegas, NV 89128

Certified Receipt Number: 7008 1830 0002 7959 6120

Jeff Strum and Gail Strum
U.S. Loan Modification Services, LLC
10161 W. Park Run Drive
Las Vegas, NV 89135

Certified Receipt Number: 7008 1830 0002 7959 6137

Jeff Strum and Gail Strum
9608 Grand Isle Lane
Las Vegas, NV 89144

Certified Receipt Number: 7008 1830 0002 7959 6144

DATED this 10th day of June, 2010

By: Susan Slack
Employee of the Division

Exhibit “B”

2010/51

RECEIVED

OCT 20 REC'D

BEFORE THE APPEALS OFFICER

Mortgage Lending Division

In the Administrative Action of:

Appeal No: 76549-NR

U.S. Loan Modification Services, LLC,
Jeff Strum, and Gail Strum,

Respondents.

FILED

OCT 19 2010

APPEALS OFFICE

DECISION AND ORDER

This matter was heard on October 7, 2010 before Hearing Officer Nancy Richins, Esq. Respondent Jeff Strum ("Respondent Strum" was present in proper person. Respondent Gail Strum was not present, nor were any other representatives of Respondent U.S. Loan Modification Services, LLC ("U.S. Loan") present. The State of Nevada Division of Mortgage Lending ("the Division") was represented by and through its counsel, CATHERINE CORTEZ MASTO, Attorney General, by Deputy Attorney General, CHRISTINE M. PARVAN. The Division's examiner, Connie Clapham, was present and testified as a witness for the Division. Following the submittal of the documents by the Respondents and the Division, testimony by both Respondent Strum and Examiner Clapham, and comment in response by both parties, the matter was submitted for decision on October 7, 2010.

FINDINGS OF FACT

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The Division has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Respondent Strum contends that neither NRS 645F nor the Regulation applies to

1 transactions involving homeowners who reside outside the State of Nevada or who reside in
2 Nevada, but own property outside the State of Nevada. The Hearing Officer found no basis in
3 statutory or regulatory authority to support Respondent Strum's contention. Respondent
4 Strum also contends that neither NRS 645F nor the Regulation applies to transactions
5 involving attorneys, despite the fact that these attorneys are not licensed in the State of
6 Nevada. The Hearing Officer found no basis in statutory or regulatory authority to support
7 Respondent Strum's contention.

8
9 From at least March 2009 to August 2010, Respondents advertised for and/or solicited
10 covered services, foreclosure consultant and/or loan modification consultant business in or
11 from the State of Nevada, and offered or provided the services of a covered service provider,
12 foreclosure consultant and/or loan modification consultant, or otherwise engaged in, carried
13 on or held themselves out as engaging in or carrying on the business of a covered service
14 provider, foreclosure consultant and/or loan modification consultant, in or from the State of
15 Nevada.

16 Pursuant to Section 1 of LCB File No. E0033-08 ("Emergency Regulation"), "[t]he
17 license of a loan modification and foreclosure consultant or loan modification and foreclosure
18 consultant agent pursuant to these emergency regulations is effective upon the date that the
19 Division receives [the applicant's]...completed application ..." On August 10, 2010,
20 Respondent Strum applied for a 645F license for U.S. Loan Modification Services dba The
21 Mortgage Modification Law Group.

22
23 On approximately January 27 2010, the Division issued U.S. Loan an independent
24 licensee covered service provider license (License No. 3351). Respondents Jeff and Gail
25 Strum (Associated License Nos. 46769 and 46768, respectively) were the owners, officers
26 and managers of U.S. Loan.

27
28 Pursuant to Section 63 of the Regulation, the Division commenced a regularly

1 scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among other
2 things, that U.S. Loan failed to place moneys collected from homeowners for the provision of
3 covered services into a separate trust account at a federally insured depository institution
4 located in this state and designated as "trust funds," "escrow accounts," or some other
5 appropriate name indicating the funds did not belong to U.S. Loan, and commingled
6 homeowners' money with its own. Examiner Clapham testified, and the Division submitted
7 evidence, that Respondents maintained at least six (6) bank accounts including, Citibank
8 Account #500352836 (hereinafter "Citibank Operating Account"), Citibank Account
9 #500352836 (hereinafter "Citibank MLD Account"), Bank of America Account #501005924130
10 (hereinafter "BOA Direct Customer Deposits"), Bank of America Account #501005924127
11 (hereinafter "BOA Customer Check Deposits"), Bank of America Account #501005923173
12 (hereinafter "BOA General Operating Account") and Bank of America Account #501005923953
13 (hereinafter "BOA The Mortgage Modification Law Group Account"). None of these accounts
14 was a proper trust account, in violation of NRS 645F and the Regulation.
15

16 The Division submitted evidence in the form of correspondence, dated April 6, 2010,
17 from Respondent Strum which indicated that the four (4) Bank of America accounts had
18 "some crossover between them" and that "customers may have not only deposited into [BOA
19 Direct Customer Deposits] and check deposits may have been made not only into [BOA
20 Customer Check Deposits]." Examiner Clapham testified that, between August 2009 and
21 February 2010, the Citibank Operating Account was consistently used as a depository for
22 client monies, in violation of NRS 645F.394(1) and (2) and Sections 73 and 103(3)(n) of the
23 Regulation. Such monies should have been deposited in a properly labeled "Trust" account.
24 Examiner Clapham testified that Respondents and/or Respondents' employee, Rexanna
25 Borden, indicated that the incorrectly-named Citibank MLD Account was "supposed to be a
26 'trust' account," but the Division submitted evidence that, between the months of August 2009
27
28

1 to February 2010, either minimal or no funds were deposited in this account.

2 Examiner Clapham also testified that Respondents failed to keep and maintain complete
3 and suitable records of all covered services transactions they conducted, including, but not
4 limited to, records related to the trust account(s) which clearly identify: the name, address and
5 telephone number of each homeowner; the account number of each loan; the address and
6 contact information of each lender or loan servicer related to each loan; the amount and date of
7 each deposit; and the amount and date of each withdrawal with the name of each recipient.

8 Examiner Clapham testified that, at the date of the examination, Respondents did not maintain
9 any client ledgers. Respondent Strum testified that such client ledgers exist, but in light of the
10 evidence that despite numerous attempts by the Division and its counsel, Respondents have
11 never provided such ledgers, Respondent Strum's testimony as to the existence of the client
12 ledgers was not credible to the Hearing Officer.
13

14 The Division proved, by substantial evidence, that Respondents failed to reconcile their
15 bank accounts and/or failed to have monthly reconciled balances on deposit equal to all
16 moneys collected and deposited and not yet legitimately disbursed, withdrew moneys
17 collected from homeowners from their bank accounts without being able to explain what the
18 money was used for, and utilized or converted trust moneys for their own personal business
19 purposes. Examiner Clapham testified that she was only able to review Respondents' bank
20 statements for the months of August 2009 to February 2010 because Respondents' and or
21 Respondents' employee Borden indicated that any and all documents for account after
22 February 2010 were "unavailable." Despite numerous attempts by the Division and its
23 counsel, Respondent Strum has not, to date, provided the documents and/or other required
24 information pertaining to bank account records after February 2010. Examiner Clapham
25 testified, however, that, from August 2009 to December 2009 alone, at least over Three
26 Hundred Thousand Dollars and No Cents (\$300,000.00) in "Members Draws" were withdrawn
27
28

1 and/or transferred from Respondents' bank accounts, but neither Examiner Clapham nor t
2 Division can ascertain to which homeowners these monies belong, or for what purpose
3 these monies were used. Examiner Clapham also testified that, from August 2009
4 December 2009 alone, at least over Two Hundred and Twenty Thousand Dollars and N
5 Cents (\$220,000.00) was withdrawn and/or transferred for "American Express," but neithe
6 Examiner Clapham nor the Division can ascertain to which homeowners these monie
7 belong, or for what purpose(s) these monies were used. Examiner Clapham testified, and
8 Respondents did not deny, that Respondent Strum was the only one who had unlimited
9 access to all six (6) of Respondents' bank accounts. Further, Respondent Strum admitted
10 both in correspondence to the Division and at the hearing, that Respondents cannot reconcile
11 their bank accounts, in violation of Section 73 of the Regulation, which provides that the trust
12 account "[m]ust at all times have a reconciled balance on deposit equal to all money collected
13 and deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the
14 independent licensee..."
15

16 The Division also points out that, pursuant to correspondence dated July 29, 2010,
17 Respondents' bond with Fidelity and Deposit Company of Maryland is cancelled. Based on
18 this failure to maintain a bond, in violation of Section 80 of the Regulation, Respondents
19 should not be engaged in any activity that requires an independent license pursuant to NRS
20 645F.
21

22 CONCLUSIONS OF LAW

23 The Hearing Officer finds that the evidence as a whole sufficiently demonstrates that
24 Respondents knowingly and willfully:
25

- 26 1. Failed to file an annual accounting and a financial statement, in violation of NRS
27 645F.394(2) and Section 74 of the Regulation;
28

1 2. Failed to deposit client moneys in a trust account and/or removed money from
2 trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) and
3 Sections 73 and 103(3)(n) of the Regulation;

4 3. Did not and do not conduct business in accordance with law, in violation of
5 Section 103(3)(c) of the Regulation;

6 4. Are in such financial condition that they cannot conduct business with safety to
7 their customers, in violation of Section 103(3)(d) of the Regulation;

8 5. Have commingled clients' money with their own or have converted such money
9 to their own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n); and
10

11 6. Have failed to keep in full force and effect a proper surety bond payable to the
12 State of Nevada, in violation of Section 80 of the Regulation.

13 **ORDER**

14 Based upon the testimony and evidence submitted, the Hearing Officer concludes that
15 the imposition of an administrative fine in this matter for the six (6) violations of NRS 645F
16 and the Regulation in the total amount of Fifty Thousand Dollars and No Cents (\$50,000.00)
17 is appropriate.
18

19 Based upon the respective violations of NRS 645F and the Regulation, Respondents
20 are to reimburse the Division its administrative fees and costs in the amount of Ten Thousand
21 One Hundred Eighty Four Dollars and No Cents (10,184.00), including Three Hundred Fifty
22 Dollars and No Cents (\$350.00) in administrative costs, Five Thousand Two Hundred
23 Fourteen Dollars and No Cents (\$5,214.00) in examination fees and related collection costs,
24 One Thousand Four Hundred Forty Dollars and No Cents (\$1,440.00) in Examiner fees in
25 preparation for the hearing, and One Hundred Eighty Dollars and No Cents (\$180.00) in
26 investigative costs. Respondents are to also reimburse the Division its attorneys' fees in the
27 amount of Seven Thousand Seven Hundred Eighty Dollars and Fifty Cents (\$7,780.50).
28

1 Based upon the testimony and evidence submitted, the Hearing Officer concludes tha
2 the totality of the facts and circumstances concerning Respondents' violations of NRS 645F
3 and the Regulation require that Respondents, and each of them, IMMEDIATELY CEASE
4 AND DESIST from the following activities:

5 1. Advertising for and/or soliciting covered services, foreclosure consultant and/o
6 loan modification consultant business in the State of Nevada, whether as an independen
7 licensee or as an associate licensee, without further written approval of the Division to
8 conduct such activities; and
9

10 2. Offering or providing any of the services of a covered service provider,
11 foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying
12 on or holding themselves out as engaging in or carrying on the business of a covered service
13 provider, foreclosure consultant and/or loan modification consultant, whether as an
14 independent licensee or as an associate licensee, in the State of Nevada without further
15 written approval from the Division to conduct such activities.
16

17 The Hearing Officer also concludes that the totality of the facts and circumstances
18 concerning Respondents' violations of NRS 645F and the Regulation require that
19 Respondents immediately (a) cancel all contracts, if any, with any and all homeowners and
20 refund to such homeowners all moneys collected by US Loan Modification Services, The
21 Mortgage Modification Law Group, Jeff Strum, or Gail Strum from such homeowners for which
22 completed services have not been rendered, or (b) obtain the written consent of the
23 homeowners to transfer their files, moneys and contracts to a licensed, bonded independent
24 licensee, HUD-approved counseling service or other entity exempt from Chapter 645F of
25 NRS.
26
27
28

1 The Hearing Officer also concludes that the totality of the facts and circumstance
2 concerning Respondents' violations of NRS 645F and the Regulation require the
3 Respondents:

4 1. Immediately notify in writing all homeowners involved in an open or pending
5 covered service transaction with US Loan Modification Services, The Mortgage Modification
6 Law Group, Jeff Strum, or Gail Strum of this Decision and Order;

7 2. Submit to the Commissioner, within five (5) business days from the date of the
8 service of this Decision and Order, a list of all open or pending covered service transactions with
9 US Loan Modification Services, The Mortgage Modification Law Group, Jeff Strum, or Gail
10 Strum, along with proof of mailing of the written notice required in section 1, above;

11 3. Retain, within five (5) business days after service of this Order and at their own
12 expense and choosing, a Nevada licensed or registered certified public accountant to reconcile
13 all books and records of US Loan Modification Services and The Mortgage Modification Law
14 Group's operating accounts and trust accounts maintained for customer funds, including
15 reconciliation to bank statements, and all transfers between operation and trust accounts, from
16 July 1, 2009 to the present time, and submit the reconciliation to the Commissioner within
17 fourteen (14) days from the date of retention of the certified public accountant. Such
18 reconciliation shall specifically include, but is not limited to, a complete accounting of all
19 moneys that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have
20 been held in trust for each homeowner for whom US Loan Modification Services, The
21 Mortgage Modification Law Group, Jeff Strum, or Gail Strum have not fully completed covered
22 services for which they contracted. Further, such certified public accountant shall be unrelated
23 to Respondents or their family members, and Respondents shall provide the name, address,
24 and telephone number of such certified public accountant to the Division immediately upon his
25 or her retention; and
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1 4. Upon submission to the Commissioner of the reconciliation provided for
2 Number 3, above, Respondents shall, within three (3) days, deposit sufficient money into a tru
3 account(s) to rectify any shortfall that is discovered as a result of such reconciliation, and she
4 provide proof of such deposit in writing to the Commissioner.

5 IT IS SO ORDERED this 19th day of October, 2010.

6
7
8 By: _____

9 Nancy K. Richins, Esq.
10 Hearing Officer
11

12 Submitted by: _____

13 Christine M. Parvan, Esq.

14 Deputy Attorney General

15 555 E. Washington Ave., # 3900

16 Las Vegas, NV 89101

17 Attorneys for The State of Nevada Division of Mortgage Lending
18

19 **NOTICE:** Pursuant to NRS 233B.130, should any party desire to appeal this final
20 determination of the Appeals Officer, a Petition for Judicial Review must be filed with the
21 District Court within thirty (30) days after service by mail of this decision.
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CERTIFICATE OF MAILING


The undersigned, an employee of the State of Nevada, Department of Administration, Hearings Division, does hereby certify that on the date shown below, a true and correct copy of the foregoing was duly mailed, postage prepaid **OR** placed in the appropriate addressee runner file at the Department of Administration, Hearings Division, 2200 S. Rancho Drive, #220, Las Vegas, Nevada, to the following:

US LOAN MODIFICATION SVCS LLC
JEFF STRUM & GAIL STRUM
9608 GRAND ISLE LN
LAS VEGAS NV 89144

DIVISION OF MORTGAGE LENDING
STATE OF NEVADA
NANCY CORBIN
7220 BERMUDA RD STE A
LAS VEGAS NV 89119

CHRISTINE PARVAN ESQ
OFFICE OF THE ATTORNEY GENERAL
555 E WASHINGTON AVE STE 3900
LAS VEGAS NV 89101

Dated this 19th day of October, 2010.



Rose A. Wagner, Legal Secretary II
Employee of the State of Nevada

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry,
Division of Mortgage Lending, and that on, January 27, 2011, I deposited in the U.S. mail,
postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct
copy of the foregoing, NOTICE OF INTENT TO REVOKE COVERED SERVICE PROVIDER
LICENSE AND NOTICE OF INTENT TO REVOKE ASSOCIATED LICENSEE LICENSES
AND NOTICE OF RIGHT TO REQUEST HEARING for, US Loan Modification Services, LLC
Jeff Strum and Gail Strum, addressed as follows:

Jeff Strum and Gail Strum
US Loan Modification Services, LLC
10165 Park Run Dr. Suite 150
Las Vegas, NV 89145

Certified Receipt Number: 7008 1830 0002 7959 7196

DATED this 24th day of January 2011

By: Sheila Garduno
Employee of the Division

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on, February 23, 2011, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, FINAL ORDER for US LOAN MODIFICATION SERVICES, LLC, JEFF STRUM AND GAIL STRUM, addressed as follows:

Jeff Strum and Gail Strum
US Loan Modification Services LLC
10165 Park Run Drive, Suite 150
Las Vegas, NV 89145

Certified Receipt Number: 7009 2250 0001 8861 0289

DATED this 22nd day of February, 2011

By: Susan Slack
Employee of the Division